



# Fuel Taxes Newsletter

State  
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Equalization

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## ■ All Fuel Tax and Fee Programs

### 1. Bill of Rights hearings will be held next spring

The Members of the Board of Equalization hold Taxpayers' Bill of Rights hearings each year. The hearings give you an opportunity to express your concerns and ideas about how to improve our services.

The next hearings will be held in spring 2007. Watch for the dates in our December newsletter.

### 2. Reconsideration of requests for penalty relief

Under certain circumstances, you may ask us for relief from a penalty. For example, if you were unable to file on time because of a natural disaster, you may ask us to drop the late-filing penalty that would ordinarily apply.

If we approve your request, we will notify you in writing.


If we deny your request for relief of penalty, you may ask us to reconsider. Under new guidelines, staff will reconsider your request only if you provide new information within 15 days of the date your original request is denied.

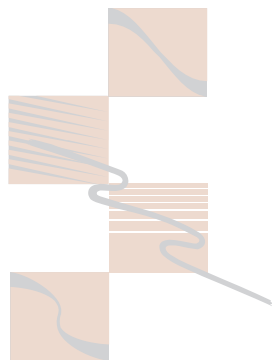
If staff denies your request a second time, the deputy director who heads our Property and Special Taxes Department will review it. If he agrees with the staff recommendation, you will be sent a letter confirming that your request has been denied.

The elected Members of the Board review all penalty relief requests of more than \$50,000.

### 3. Check out our redesigned website

We have recently redesigned our website, [www.boe.ca.gov](http://www.boe.ca.gov). We think you will like its new look and feel. You'll find the various webpages to have a more consistent design. We retained the webpage addresses (URLs) you've come to rely on, so you can use your existing bookmarks.





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We also kept the popular search feature on every page and added link categories to make it easier to navigate the site's 17,000 pages.

Please contact us if you have any comments or suggestions. You can send an e-mail using the form at [www.boe.ca.gov/info/webmail.html](http://www.boe.ca.gov/info/webmail.html).

## ■ Underground Storage Tank Maintenance Fee

### 4. Owners must register for each site where tanks are located

We find that while most underground storage tank owners are registered with us, they may not be registered for every site where their tanks are located. This may delay our ability to certify to the State Water Resources Control Board that all fees for a site have been paid.

We routinely investigate ownership changes and obtain information on each underground storage tank site in this state. We often find that tank operators are improperly registered and paying the fee on behalf of the tank owners.

If an owner and operator want the operator to pay the fee, both parties must complete a notarized document authorizing us to send all returns and notices to the operator. The tank owner remains legally responsible for the fee.

For more information, see Regulation 1213, *Payment of Fee by Operator*; our publication 88, *Underground Storage Tank Fee* ([www.boe.ca.gov/pdf/pub88.pdf](http://www.boe.ca.gov/pdf/pub88.pdf)); or call us at 916-322-9669.

## ■ Motor Vehicle Fuel Tax and Diesel Fuel Tax Programs

### 5. Electronic filing changes in the works

The Motor Fuels Electronic Filing (E-Filing) Program is undergoing extensive changes. We have implemented many of the changes, but more will come at the beginning of 2007. Please carefully review the topics below to make sure you continue to comply with e-filing requirements.

#### New EDI map in place as of July 3

As we notified affected parties by e-mail earlier this year, we began to use a revised EDI X12 v.4030 map on July 3, 2006. If you are an approved e-filer, you may use this map starting with your June 2006 filing. You must continue to file electronically regardless of the map change.

The new EDI map conforms with the latest maps published by the Federation of Tax Administrators and the IRS. It will allow for future reporting of two-party exchange transactions.

We will discontinue the old EDI map on February 1, 2007. You must be prepared to use the new map for all of your filings after that date.

All e-filers converting to the new map must successfully submit valid test files before using it for an actual filing. Please contact Dan Gostage at 916-445-2869 or [dan.gostage@boe.ca.gov](mailto:dan.gostage@boe.ca.gov) to arrange your test submissions.

#### New Flat File map will replace old version on August 7

We will release a new Flat File map on August 7, 2006, as we notified affected parties by e-mail earlier this year. This new map replaces the earlier version, so you *must* use it for your July 2006 filing. You must continue to file electronically regardless of the map change.

All e-filers must successfully submit valid test files before using the new map for an actual filing. Please contact Dan Gostage at 916-445-2869 or [dan.gostage@boe.ca.gov](mailto:dan.gostage@boe.ca.gov) to arrange your test submissions.

### 6. New Excel workbooks make e-filing easier

New Excel workbooks are available on the Fuel Taxes Division Electronic Filing Program website. They are formatted for use in creating electronic files in the new Flat File format. New features designed to make completing your electronic return easier include basic reporting instructions, detailed instructions for specific transactions, hyperlinks to ease navigation among workbooks, and mode codes. We've also included the tax computation worksheet for supplier returns.

Please contact Dan Gostage at 916-445-2869 or [dan.gostage@boe.ca.gov](mailto:dan.gostage@boe.ca.gov) if you have any questions about the new workbooks.

### 7. Get a copy of our E-Filing Guide

We recently revised and updated the Motor Fuels Electronic Filing Program's *Electronic Filing Handbook and Specifications (E-Filing Guide)*. The guide contains a detailed description of the Motor Fuels Electronic Filing Program, including the responsibilities of all participants. We encourage you to obtain and review the new guide and to refer to it when you have e-filing questions or problems.

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Need more  
information?  
Give us a call or visit  
us online. See the  
back page for  
telephone numbers  
and website  
addresses.

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It's available on the Fuel Taxes Division Electronic Filing Program website at [www.boe.ca.gov/electsrv/efiling/efilefueltaxguide.htm](http://www.boe.ca.gov/electsrv/efiling/efilefueltaxguide.htm).

## 8. Two-party exchange update

We are continuing to work with industry to implement reporting of two-party exchanges. Currently we are waiting for final approval of Regulations 1123, 1125, 1420, and 1423, which will permit two-party exchange reporting. Implementation is planned for January 1, 2007.

To participate in a two-party exchange, all three parties—the delivering supplier, receiving supplier, and terminal operator—must meet certain requirements, including e-filing. Copies of the proposed regulations are on our website at [www.boe.ca.gov/meetings/btc2006.htm](http://www.boe.ca.gov/meetings/btc2006.htm).

## 9. Accurately report bill-of-lading destinations

It has come to our attention that in some terminal systems, the carrier may change the information associated with a transaction, such as the destination state. We currently compare the information reported by the terminal operator and supplier and investigate when the destination states do not match.

Destination state reporting errors can lead to additional tax billings. In addition, we may bill for interest if a destination state reporting error causes a supplier to rebill for a taxable transaction after the due date.

## 10. Filing tips for suppliers and terminal operators

**Origin and destination:** Suppliers and terminal operators should always report the origin/destination Terminal Control Number (TCN) as required on the schedule. If the origin/destination is other than a TCN, report the valid state postal abbreviation.

**Position holder FEIN:** Terminal operators need to provide the position holder's current Federal Employee ID Number (FEIN) on their *Terminal Operator Disbursements by Position Holder* (Schedule 15B).

**Dyed diesel fuel removals:** Diesel fuel suppliers must account for all dyed diesel fuel removals from a California terminal rack on their *Diesel Fuel Supplier Tax Return*. Report dyed diesel fuel transactions on Schedule 6F (*Reportable Products Removed Not Subject to the Diesel Fuel Tax*) if you are not reporting them on one of the applicable exemption schedules.

**Transmix removals:** To ensure that all transmix removals are accounted for in detail, we've changed the related reporting requirements. All transmix removals must be reported by the terminal operator and the supplier. Terminal operators must account for all removals of transmix on Schedule 15B (*Terminal Operator Disbursements by Position Holder*). Suppliers must report as follows:

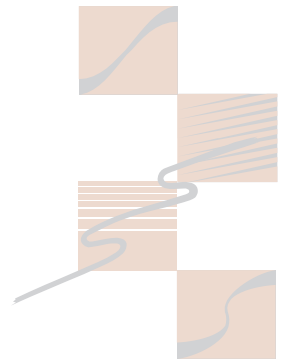
- For transmix moved over the rack that does not meet the definition of gasoline blendstock (defined as a product that can, without further processing, be used in producing finished gasoline), report the transmix on Schedule 6F or one of the other exempt schedules on the diesel supplier return.
- For transmix that meets the definition of gasoline blendstock, use Schedule 10AB or 10Z of the motor vehicle fuel supplier return, whichever applies. Sales reported on 10AB should be supported by a valid exemption certificate when the transmix will not be used to produce a finished gasoline.
- For transmix that meets the definition of gasoline blendstock and that is leaving a terminal for export, use Schedule 7 or 7D of the motor vehicle fuel supplier return.
- For transmix that is being sold as gasoline or diesel, reclassify the transmix to the applicable product code and report it on the appropriate supplier return and schedule.

If you have transmix sales or movements and you do not have a Diesel Supplier License, please call us at 916-322-9669.

## 11. New publication describes how tax applies to biodiesel

Wondering how California tax applies to biodiesel? Our new single-sheet publication, *Biodiesel and California Tax* (publication 96) can answer your questions. The publication was created in response to the need for guidance on how sales tax and fuel taxes apply to biodiesel, a diesel fuel replacement product. It is the culmination of almost a year of work by staff from our Fuel Taxes Division, Sales and Use Tax Department, and Forms and Publications Section.

You may download a PDF copy from our website ([www.boe.ca.gov/pdf/pub96.pdf](http://www.boe.ca.gov/pdf/pub96.pdf)), or use the online ordering form ([www.boe.ca.gov/cgi-bin/form\\_search.cgi](http://www.boe.ca.gov/cgi-bin/form_search.cgi)) to order a printed copy. If you have any questions, please contact our Fuel Industry Section at 916-322-9669.

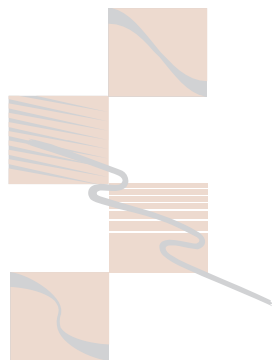


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**Need more information?**  
Give us a call or visit us online. See the back page for telephone numbers and website addresses.

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## 12. New product and schedule codes

We have adopted new product and schedule codes, as shown in the tables below. Please use them from now on.

### New product and schedule codes for motor fuel filing

#### Product codes

<i>Product Name</i>	<i>Product Code</i>	<i>Product Type</i>	<i>Return Impact</i>
Crude	001	Accountable	Reportable (see <i>Notes</i> )
Asphalt	188	Accountable	Reportable (see <i>Notes</i> )
Natural gasoline (including condensate)	061	Motor vehicle fuel	Taxable
Clear diesel	160	Diesel	Taxable
Biodiesel (blends)	170	Diesel	Taxable
Dyed biodiesel (blends)	171	Diesel	Exempt

*Notes:* Crude Oil and Asphalt have been broken out of product code 092 (Other). Terminal Operators and Common Carriers must now use the specific codes for those products. Revised *Product Code Tables* are available on our website at [www.boe.ca.gov/sptaxprog/pdf/b0e810fta.pdf](http://www.boe.ca.gov/sptaxprog/pdf/b0e810fta.pdf) (sorted by product code number) and at [www.boe.ca.gov/sptaxprog/pdf/b0e810fib.pdf](http://www.boe.ca.gov/sptaxprog/pdf/b0e810fib.pdf) (sorted by product type).

#### Schedule codes

<i>Schedule Code</i>	<i>Schedule Name</i>	<i>Form Name(s)</i>	<i>Comments</i>
2X	Fuel Received from Suppliers on Exchange Agreements Tax Unpaid	Supplier of Motor Vehicle Fuel Tax Return and Supplier of Diesel Fuel Tax Return	E-Filers only
6X	Fuel Delivered to Suppliers on Exchange Agreements		
15A	Terminal Operator Receipts	Terminal Operator Information Report	Replaces schedule code TR
15B	Terminal Operator Disbursements by Position Holder		Replaces schedule code TD
15C	Ending Inventory by Product Code		Replaces schedule code EI
14D	Carrier Receipts	Vessel/Pipeline Operator Report (Carrier Summary Report)	Replaces schedule code PD
14E	Carrier Deliveries		

*Notes:*

- Schedules 2X and 6X are available only for e-filers, for use beginning January 1, 2007. They will not appear on paper tax forms.
- The current Schedule PD—the combined Carrier Receipts and Deliveries schedule—will now be two separate schedules. The revised schedule codes conform to the Federation of Tax Administrators codes.

#### Fuel Taxes Division

916-322-9669

Board of Equalization, MIC:30  
P.O. Box 942879  
Sacramento, CA 94279-0030

#### Board website and Member contact information:

[www.boe.ca.gov](http://www.boe.ca.gov)

#### Tax Evasion Hotline

888-334-3300

#### Legislation

[www.leginfo.ca.gov](http://www.leginfo.ca.gov)

#### Taxpayers' Rights Advocate

888-324-2798

[www.boe.ca.gov/tra/tra.htm](http://www.boe.ca.gov/tra/tra.htm)